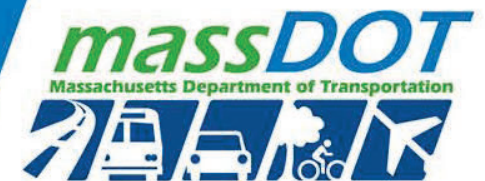




## MassDOT

Finance and Audit Subcommittee  
MassDOT and FMCB Joint Board  
FY17 Budget Recast  
January 23, 2017



# FY17 MassDOT Budget Recast

This budget recast is primarily a result of the following events that occurred subsequent to the initial budget being approved by the Board on June 20, 2016:

- Full implementation of AET in FY17 rather than over 3 years
  - \$32M increase in MHS capital costs
  - \$34M increase in WT capital costs
- Changes in Snow and Ice budget
  - Revenue: More conservative use of non-appropriated funds
  - Expenses: \$8.9M reduction still budgets at 5-year rolling average
- Revenue adjusted down by \$10.6M net, based on a reduced toll collection revenue budget balanced partially by an increase in one-time revenue sources



# FY17 Revenue Summary

(\$'s in 000's)	FY 17 Budget	FY17 Recast Budget	Variance \$	Variance %
<b>REVENUE</b>				
Toll Revenue	427,874	411,286	(16,588)	-3.9%
Operating Revenue	64,912	69,898	4,986	7.7%
Commonwealth Transfers & Salary Reserve	544,793	545,781	988	0.2%
Federal Grants	49,357	49,357	-	0.0%
MVITF	54,607	54,607	-	0.0%
Investment Income	3,452	3,452	-	0.0%
<b>Total Revenue</b>	<b>1,144,995</b>	<b>1,134,381</b>	<b>(10,614)</b>	<b>-1.0%</b>

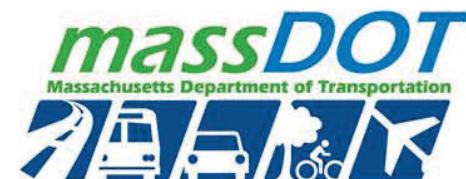
- FY17 budgeted toll collections on MHS reduced based on Jacobs report produced after the budget was approved by MassDOT Board
  - Note: toll collections are trending significantly ahead of Jacobs' conservative forecast. We expect final FY17 Toll Revenue to be much closer to original expectations. However, at this point, we suggest to continue using the more conservative forecast.
  - Toll revenue above this forecast will offset the toll reserves drawn down to pay for accelerating AET implementation.
- Operating revenue increase of 7.7% based on increased probability of one-time land sales occurring in FY17



# FY17 Operating Expense Summary

(\$'s in 000's)	FY 17 Budget	FY17 Recast Budget	Variance \$	Variance %
<b>OPERATING AND DEBT EXPENDITURES</b>				
Employee Payroll, Fringe and Other Benefits	440,214	431,764	(8,449)	-1.9%
Materials, Supplies, Services	135,641	137,238	1,597	1.2%
Office and Administrative Expenses	107,309	105,054	(2,255)	-2.1%
Construction and Maintenance	321,405	378,342	56,937	17.7%
Grants, Subsidies, Contract Assistance	112,428	116,304	3,876	3.4%
Debt Service	167,472	167,472	-	0.0%
<b>Total Operating and Debt Expenditures</b>	<b>1,284,467</b>	<b>1,336,173</b>	<b>51,706</b>	<b>4.0%</b>

- Since the original budget passed by the DOT Board, several unforeseen adjustments have been required:
- Approved state budget action added \$3.6 million to spending:
  - \$2M increase in RTA Contract Assistance
  - \$1.6M increase in earmarks not included in original DOT budget
- Construction and Maintenance expenses increased due to:
  - \$32M increase in MHS capital costs associated with AET
  - \$34M increase in WT capital costs associated with AET



# FY17 Operating Expense Summary cont.

Other increases to the budget included small increases in Material, Supplies, and Services, as well as a shift from relying on supplemental funding to actual funding for snow and ice.

- Materials, Supplies and Services increased 1.2% due to:
  - \$2.0M increase in costs associated with the move of 10 Park Plaza tenants
  - \$2.1M increase from an adjustment in the ISA with DEP to cover costs related to automobile inspections and funded through the Motor Vehicle Inspection Trust Fund
- In order to move toward relying more on budgeted funding than supplemental funding, we have dedicated \$11M in additional budgeted funding, and reduced planned supplemental spending by \$20M.

To accommodate these state budget changes, internal budget adjustments, and the increased use of budgeted funds for snow and ice, certain planned expenses were adjusted:

- \$2.5M reduction in various administrative costs and costs related to toll collections with the implementation of AET
- Personnel expenses decrease by 1.9% due to:
  - \$3.5M reduction in overtime
  - \$1.3M reduction due to VSIP program
  - Hiring reserve reduced by \$3.8M
- Finally, Office and Administrative expenses reduced by 2.1%

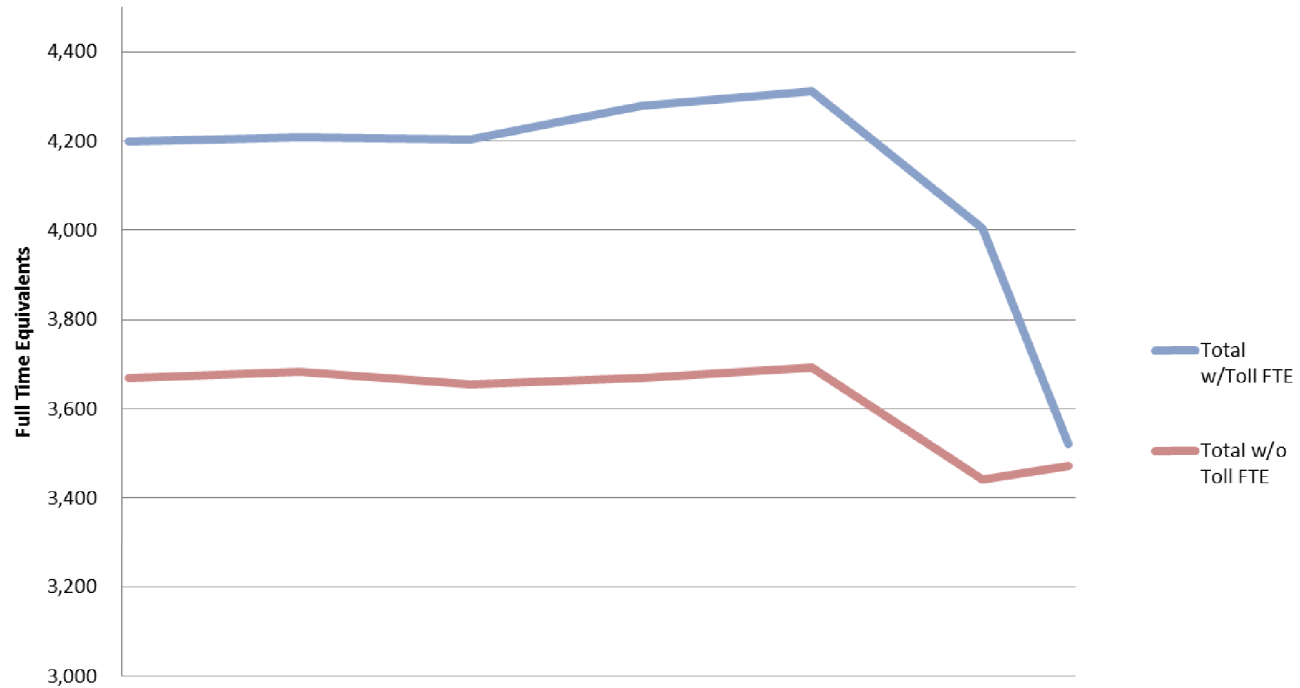


# FY17 Recast Budget Overview

(\$'s in 000's)	FY 17 Budget	FY17 Recast Budget	Variance \$	Variance %
<b>REVENUE</b>				
Toll Revenue	427,874	411,286	(16,588)	-3.9%
Operating Revenue	64,912	69,898	4,986	7.7%
Commonwealth Transfers & Salary Reserve	544,793	545,781	988	0.2%
Federal Grants	49,357	49,357	-	0.0%
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Investment Income	3,452	3,452	-	0.0%
<b>Total Revenue</b>	<b>1,144,995</b>	<b>1,134,381</b>	<b>(10,614)</b>	<b>-1.0%</b>
<b>OPERATING AND DEBT EXPENDITURES</b>				
Employee Payroll, Fringe and Other Benefits	440,214	431,764	(8,449)	-1.9%
Materials, Supplies, Services	135,641	137,238	1,597	1.2%
Office and Administrative Expenses	107,309	105,054	(2,255)	-2.1%
Construction and Maintenance	321,405	378,342	56,937	17.7%
Grants, Subsidies, Contract Assistance	112,428	116,304	3,876	3.4%
Debt Service	167,472	167,472	-	0.0%
<b>Total Operating and Debt Expenditures</b>	<b>1,284,467</b>	<b>1,336,173</b>	<b>51,706</b>	<b>4.0%</b>
<b>Excess Revenue Over Expenditures</b>	<b>(139,472)</b>	<b>(201,793)</b>	<b>(62,321)</b>	<b>45.0%</b>
<b>OTHER FINANCING SOURCES</b>				
MTTF Reserves	3,215	-	(3,215)	-100.0%
MVITF Reserves		1,896	1,896	
Toll Reserves	86,257	169,897	83,640	97.0%
Supplemental Funding	50,000	30,000	(20,000)	-40.0%
<b>Total Other Financing Sources</b>	<b>139,472</b>	<b>201,793</b>	<b>62,321</b>	<b>45.0%</b>
<b>Net Revenue (Expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



### MassDOT Employees by Division, 2011 to Present

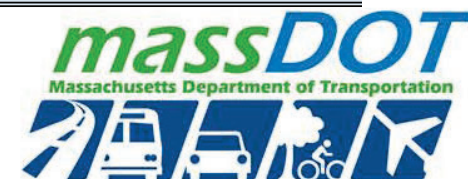


Headcount FTE's at:	06/18/11	6/30/2012	6/29/2013	6/28/2014	6/27/2015	6/25/2016	12/31/2016
Aeronautics	8.00	8.00	10.00	12.00	12.00	13.00	13.00
Rail & Transit	-	-	7.00	10.00	14.00	12.00	12.00
Planning & Enterprise	412.67	453.04	442.10	465.94	468.06	429.73	428.33
RMV	759.88	764.54	735.98	749.69	735.41	710.08	697.02
Highway Toll	531.14	525.45	549.48	609.76	619.26	563.40	49.20
Highway Non-Toll	2,488.04	2,457.21	2,460.18	2,432.47	2,463.85	2,275.83	2,322.45
<b>Total w/Toll</b>	<b>4,199.73</b>	<b>4,208.24</b>	<b>4,204.74</b>	<b>4,279.86</b>	<b>4,312.58</b>	<b>4,004.04</b>	<b>3,522.00</b>
<b>Total Non-Toll</b>	<b>3,668.59</b>	<b>3,682.79</b>	<b>3,655.26</b>	<b>3,670.10</b>	<b>3,693.32</b>	<b>3,440.64</b>	<b>3,472.80</b>



# FY17 Budget by Funding Source

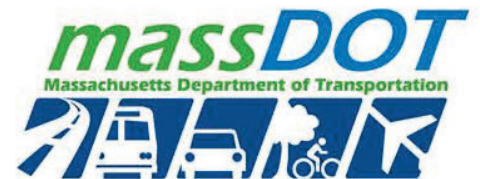
(\$'s in 000's)	Non-Toll	WT	MHS	Tobin	MVITF	Fed Grants	FY 17 Budget
<b>REVENUE</b>							
Toll Revenue	-	168,911	206,861	35,514	-	-	411,286
Operating Revenue	69,898	-	-	-	-	-	69,898
Commonwealth Transfers & Salary Reserve	420,781	-	125,000	-	-	-	545,781
Federal Grants	-	-	-	-	-	49,357	49,357
MVITF	-	-	-	-	54,607	-	54,607
Investment Income	90	685	2,462	214	-	-	3,452
<b>Total Revenue</b>	<b>490,769</b>	<b>169,596</b>	<b>334,323</b>	<b>35,729</b>	<b>54,607</b>	<b>49,357</b>	<b>1,134,381</b>
<b>OPERATING EXPENDITURES</b>							
Employee Payroll, Fringe and Other							
Benefits	299,216	65,298	60,865	2,055	3,811	519	431,764
Materials, Supplies, Services	32,849	34,522	42,509	7,860	13,167	6,331	137,238
Office and Administrative Expenses	57,300	16,192	27,633	3,137	432	360	105,054
Construction and Maintenance	86,870	125,337	129,802	24,726	-	11,607	378,342
Grants, Subsidies, Contract Assistance	83,626	-	2,138	-	-	30,540	116,304
Debt Service	-	16,807	150,664	-	-	-	167,472
<b>Total Operating and Debt Expenditures</b>	<b>559,862</b>	<b>258,156</b>	<b>413,611</b>	<b>37,778</b>	<b>17,410</b>	<b>49,357</b>	<b>1,336,173</b>
<b>Excess Revenue Over Expenditures</b>	<b>(69,093)</b>	<b>(88,560)</b>	<b>(79,288)</b>	<b>(2,049)</b>	<b>37,197</b>	<b>-</b>	<b>(201,793)</b>
<b>OTHER FINANCING SOURCES</b>							
MTTF Reserves	-	-	-	-	-	-	-
MVITF Reserves	-	-	-	-	1,896	-	1,896
Toll Reserves	-	88,560	79,287	2,049	-	-	169,897
Supplemental Funding	30,000	-	-	-	-	-	30,000
Transfer In	39,093	-	-	-	(39,093)	-	-
<b>Total Other Financing Sources</b>	<b>69,093</b>	<b>88,560</b>	<b>79,287</b>	<b>2,049</b>	<b>(37,197)</b>	<b>-</b>	<b>201,793</b>
<b>Net Revenue (Expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>





# Snow and Ice

- Snow and Ice is typically funded through a mix of MassDOT appropriation and a statutory ability to deficit spend up to \$50M
- Our more conservative goal is to budget as close as possible to historic averages and minimize need for supplemental funding
- The proposed recast reduces reliance on potential supplemental spending by \$20M, and still provides for funding in excess of the rolling 5-year average of \$89 million
- Unspent Snow and Ice funding will flow to reserves and be available for appropriation in this and subsequent fiscal years



# FY17 Snow and Ice Update

	<b>Original Budget</b>	<b>Budget Amendment</b>	<b>Revised Budget</b>	<b>Actuals as of 1/11/17</b>	<b>% of Budget</b>	<b>Budget Balance</b>
Overtime, Fringe, Indirect Cost	9,763,428		9,763,428	2,621,123	27%	7,142,305
Vehicle Repairs	2,699,186		2,699,186	320,112	12%	2,379,074
DCR/DOC Snow and Ice Operations	3,235,734		3,235,734	171,770	5%	3,063,964
Snow and Ice Materials	29,881,272		29,881,272	8,897,641	30%	20,983,631
Hired Equipment	64,524,999	(8,877,630)	55,647,369	26,776,524	48%	28,870,845
<b>TOTAL</b>	<b>110,104,619</b>	<b>(8,877,630)</b>	<b>101,226,989</b>	<b>38,787,170</b>	<b>38%</b>	<b>62,439,819</b>

